



U.S. Department of Justice

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EVENT: Indictment

Defendant: Kenneth E. Yaroach

BAD AXE RESIDENT INDICTED FOR BANK FRAUD

Kenneth E. Yaroach, 53, was indicted by a federal grand jury in Bay City, Michigan, on May 9, 2007 on 18 counts of bank fraud, United States Attorney Stephen J. Murphy announced today. Yaroach was arrested today in Bad Axe, Michigan. The indictment had been under seal until today's arrest.

Murphy was joined in the announcement by Andrew G. Arena, FBI Special Agent in Charge, and Nancy Grinnell, Special Agent in Charge, Federal Deposit Insurance Corporation.

The 18-count indictment charges that on various dates in 2004 and 2005, Yaroach committed bank fraud in connection with his employment at Signature Bank, Bad Axe, Michigan. The indictment alleges that Yaroach, who was a loan officer for the bank and who dealt extensively in lending activities associated with agricultural and business credit, as well as consumer loans, personally approved a series of loans to individuals and couples based on loan applications and other documents Yaroach prepared for such lenders. In each instance, the indictment alleges, Yaroach placed false information on the loan application and other paperwork, incorrectly stating that, for example, the borrower was seeking funds in order to go

into the construction business, when in fact the borrower was seeking the loan for something totally different. A number of the loans were defaulted on and had to be written off as uncollectible by Signature Bank.

United States Attorney Stephen J. Murphy said, "The integrity of the financial services industry depends upon the honesty and trustworthiness of those loan officers and other employees who are entrusted to work in this important field. Today's charges underscore the seriousness with which my office, the FBI and the FDIC view allegations of internal fraud perpetrated by bank officers and other financial services employees."

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

The case was investigated by special agents of the FBI and FDIC. The case is being prosecuted by Assistant U.S. Attorney James A. Brunson.